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Message Text

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66
ACTION EUR-25

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-15 EB-11

COME-00 OMB-01 AGR-20 SIL-01 LAB-06 HUD-02 HEW-08

RSR-01 /144 W
---------- 048721
R 242150Z AUG 73
FM AMEMBASSY OTTAWA
TO SECSTATE WASHDC 1604

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POUCHED ALL CONGENS CANADA

E.O. 11652: N/A
TAGS: PFOR, CA
SUBJECT: NEW DEMOCRATIC PARTY CAUCUS

REF: OTTAWA 2028

1. SUMMARY: NEW DEMOCRATIC PARTY (NDP) CAUCUS HELD AUG 20-21 RESULTED IN CONTINUATION OF NDP SUPPORT FOR LIBERAL GOVERNMENT. NDP ISSUED FOUR "DEMANDS" FOR ACTIONS ON FOOD COST PROBLEM BUT ISSUED NO ULTIMATUM. RESULTS OF CAUCUS LESSENED POSSIBILITY THAT NDP MIGHT MOVE AGAINST GOVERNMENT IF AND WHEN PARLIAMENT IS RECONVENED TO HANDLE RAIL STRIKE. NDP RANK AND FILE INCREASINGLY DISILLUSIONED OVER NDP "OPPORTUNISM". END SUMMARY.

2. IN MIDST OF RAIL STRIKE (REFTEL) AND AT TIME OF GROWING CONCERN OVER FOOD COST SPIRAL, NDP HELD CAUCUS AUG 20-21 TO DETERMINE WHETHER OR NOT PARTY SHOULD CONTINUE TO SUPPORT LIBERAL GOVERNMENT. ALTHOUGH MOST NDP MPS CLEARLY PREFER NO TO HAVE ELECTIONS IN NEAR
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FUTURE, NDP RANK AND FILE HAVE BECOME INCREASINGLY

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DISILLUSIONED OVER PARTY'S LOSS OF IDEALISTIC SENSE OF PURPOSE. NDP IS SUBJECT TO INCREASING CRITICISM FOR HAVING BECOME "PARTY OF OPPORTUNITY" RATHER THAN "PARTY OF PRINCIPLE". THESE CRITICISMS HAVE BEEN PARTICULARLY DAMAGING TO NDP MEMBERS FROM ONTARIO AND HAVE LED TO INCREASING EXPRESSIONS OF CRITICISM OF LIBERAL GOVERNMENT, PARTICULARLY WITH RESPECT TO ITS HANDLING OF FOOD COST ISSUE.

3. DESPITE PRIOR PRESS SPECULATION THAT NDP LEADER LEWIS WOULD DECIDE TO WITHDRAW SUPPORT FOR GOVERNMENT, NDP CAUCUS RESULTED ONLY IN RELATIVELY MILD PRESS STATEMENT CONTAINING FOUR "DEMANDS", MANY PARTS OF WHICH WERE REHASH OF PREVIOUS NDP EXHORTATIONS DEMANDS WERE:

(1) FOOD PRICES REVIEW BOARD BE RECONSTITUTED WITH A NEW CHAIRMAN AND BE GIVEN A MANDATE TO ORDER ROLL-BACKS OF UNJUSTIFIED PRICE INCREASES. LEGISLATION SHOULD BE PASSED TO INCLUDE PENALTIES AGAINST CORPORATIONS THAT GOUGE THE CONSUMER.

(2) BASIC FOODS (MILK, MEAT, BREAD) BE SUBSIDIZED TO BE SURE THAT THESE PRODUCTS ARE SOLD AT REASONABLE PRICES. THE GOVERNMENT SHOULD INSURE SECURITY OF INCOME TO CANADIAN FARMERS IN ORDER TO ENCOURAGE INCREASED FOOD PRODUCTION.

(3) MORE MONEY MUST BE DIRECTED INTO HOUSING, AND MORTGAGE INTEREST RATES MUST BE FORCED DOWN. CMHC MORTGAGES SHOULD BE SET AT 6 PERCENT.

(4) MEASURES SHOULD BE TAKEN TO PROTECT PENSIONERS AND OTHERS ON FIXED INCOMES, FAMILIES WITH CHILDREN, AND THOSE ON LOW INCOMES FROM RISING LIVING COSTS. BASIC PENSIONS AND ALLOWANCES FOR VETERANS, THE DISABLED AND THE ELDERLY MUST BE INCREASED.

4. ONE SENIOR NDP MP CHARACTERIZED "DEMANDS" AS AN EFFORT TO SHOW PARTY'S SUPPORTERS THAT "WE HAVE NOT CAPITULATED TO THE LIBERALS" AND THAT "WE INTEND TO FORCE ACTION TO LIMITED OFFICIAL USE

BRING DOWN PRICES". PRESS HAS POINTED OUT, HOWEVER, THAT DEMANDS CONTAIN NOTHING NEW AND THAT NDP PRESS STATEMENT CONTAINS NO ULTIMATUM. AS PRESS HAS NOTED, NDP APPEARS TO HAVE DECIDED THAT ANY ACTION THAT MIGHT BRING DOWN GOVERNMENT SHOULD BE AVOIDED AT THIS TIME. NDP HAS FAILED IN ITS EFFORT TO MAKE ITS NEW "DEMANDS" APPEAR STRONGER THAN THEY ACTUALLY ARE, MUCH TO THE IRRITATION OF NDP LEADER LEWIS WHO IS BEING PROTRAYED IN PRESS AS

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"CLINGING TO THE COAT TAILS OF POWER".

5. IN PRESS CONFERENCE FOLLOWING CAUCUS, LEWIS ANNOUNCED HIS PERSONAL VIEW THAT PARLIAMENT SHOULD BE RECONVENED BY SEPT 15 TO DEAL WITH FOOD PRICES. LEWIS CLAIMED GOVERNMENT WOULD NEED TIME BETWEEN NOW AND SEPT 15 TO PREPARE LEGISLATION. BY SETTING THIS DATE LEWIS HAS ANTICIPATED POSSIBILITY THAT GOVERNMENT MAY HAVE TO RECONVENE PARLIAMENT BEFORE SEPT 15 TO DEAL WITH RAIL STRIKE. IT IS LIKELY THAT LEWIS SOUGHT TO AVOID GETTING NDP TRAPPED INTO SITUATION WHERE IT WOULD BE FORCED TO VOTE AGAINST GOVERNMENT ON FOOD PRICE ISSUE SHOULD PROGRESSIVE CONSERVATIVES FORCE A DEBATE ON THIS SUBJECT DURING RECONVENED SESSION OF PARLIAMENT.

6. IN HIS PRESS CONFERENCE LEWIS REFUSED TO DESCRIBE SEPT 15 DATE AS A "DEADLINE" AND ADMITTED THAT IF A RESPONSE TO NDP DEMANDS IS NOT FORTHCOMING BY SEPT 15 AND IF HE HAD TO WAIT ANOTHER MONTH, HE HAD NO CHOICE ON THE MATTER. UNDER QUESTIONING LEWIS IMPLIED THAT ALL NDP DEMANDS WOULD NOT HAVE TO BE MET IN ORDER TO SATISFY NDP OBJECTIVES.

7. ON BALANCE, NDP SEEMS TO HAVE AVOIDED SHORT-TERM PREDICAMENT BY DEVISING A STRATEGY BASED ON CONTINUED SUPPORT FOR LIBERAL GOVERNMENT. IN EVENT PARLIAMENT IS RECONVENED TO HANDLE RAIL STRIKE, NDP WILL PROBABLY BE ABLE TO AVOID CONFRONTATION WITH GOVERNMENT BY REITERATING FOUR "DEMANDS" AND BY POINTING TO LEWIS' SEPT 15 DATE BY WHICH NDP HOPES LIBERALS CAN PRODUCE LEGISLATION. IN THE LONG RUN HOWEVER, NDP IS LIKELY TO FACE INCREASING DISILLUSIOONMENT AMONG PARTY MEMBERS. EFFORTS GROWING OUT OF CAUCUS TO PROJECT IMAGE OF NDP
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AS A "MILITANT PARTY WORKING TO EXTRACT MEANINGFUL CONCESSIONS" HAVE FAILED AND NDP IS BEING DERIDED BY THE PROGRESSIVE CONSERVATIVES AND BY THE PRESS FOR HAVING BECOME AN "ADJUNCT OF THE LIBERAL PARTY."
JOHNSON

NNN

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